

**DEPARTMENT OF GENERAL SERVICES
OFFICE OF PUBLIC SCHOOL CONSTRUCTION**501 J STREET, SUITE 400
SACRAMENTO, CA 95814<http://www.dgs.ca.gov/opsc>

December 10, 1996

To : All School District Superintendents and County Superintendents of Schools

Subject : **ADVISORY OF ACTIONS TAKEN BY THE STATE ALLOCATION BOARD AND OTHER ISSUES**

On November 26, 1996, the State Allocation Board (SAB) allocated approximately \$36.8 million for educational technology (ET) allowances and approximately \$25.9 million for new construction (growth) projects. Specific actions taken by the SAB are as follows:

Consent Calendar

The Construction Cost Indexes for both Class B and D construction were increased from 1.23 to 1.24, respectively and effective November 1, 1996. There was no change in the Historical Savings and the Furniture and Equipment (F&E) Indexes.

The SAB allocated funds in the amount of \$36.8 million to provide additional funding for the ET allowance for those modernization projects funded for Phase C from Proposition 203 funds. The additional funds allocated represent a 2.75% augmentation to the original ET allowance of 1.25%. This action will provide those projects affected with a total allowance of 4% of the current replacement value of the facility for ET as directed by the SAB at a previous meeting. Districts that receive a Phase C apportionment for a modernization project from Proposition 203 funds after November 26, 1996, will receive the full 4% allowance for ET as part of that Phase C apportionment. Please refer to the Office of Public School Construction (OPSC) advisory letter dated November 4, 1996 for specific instructions regarding the justification and subsequent release of the additional ET allowance.

On September 25, 1996, the SAB set aside \$49.5 million for the purpose of augmenting the ET allowance as noted above. After this action, there remains \$12.7 million available for this purpose which will be used, in part, to provide the added ET allowance for modernization projects that are yet to be funded for Phase C from Proposition 203 funds. If any ET funds remain after all Phase C modernization funding has been exhausted, the remaining ET funds (if any) will be addressed by the SAB at that time.

Special Appeal Items

The SAB addressed numerous Phase P, S and C appeal requests for new construction priority one and two projects that were received by the OPSC no later than September 25, 1996. The SAB approved appeals in the amount of \$25.9 million where the OPSC recommendation was favorable and deferred action on the remaining appeals where the OPSC recommendation was to deny. Those appeals that were deferred will be addressed by the SAB at either the January or February SAB meeting. As a result of this action, all funds set aside for new construction have been exhausted.

Class Size Reduction

The SAB approved the transfer of \$95 million from the State Relocatable Program to the Lease-Purchase Program to support of the Class Size Reduction Facilities Funding Program currently administered by the California Department of Education (CDE). The \$95 million allocated for class size reduction (CSR) by the SAB may only be used by those districts that currently meet all Lease-Purchase Program requirements and will not be using these funds to lease classroom facilities. The OPSC and the CDE have identified those districts that qualify for CSR funds and that also meet all requirements of the Lease-Purchase Program. A one page Lease-Purchase application for this CSR funding was sent to those districts on November 27, 1996. If your district received this application and the district does not intend on leasing classroom facilities with CSR funds, I strongly encourage your district to complete the application and return it to the SAB as soon as possible. Your prompt response to this request will ensure that all funds allocated for CSR by both the SAB and the CDE are allocated and distributed to districts in a timely manner.

Costs Avoided by Use of Year-round Education

The SAB approved a report, to be submitted to the State Legislature, that identifies the average per pupil costs savings in school construction. The average per pupil savings is the amount the State would have had to spend to house a pupil if that pupil was not attending a multi-track year-round school. Using data from Fiscal Years 1994 and 1995, the average cost savings for 20 years is \$1,005, for 30 years \$670 and for 40 years \$503.

Educational Technology (ET) Program Evaluation

The SAB established program evaluation criteria for all funds allocated for the Education Technology Grant Program (PUC) and the Education Technology Program for specific counties. Those counties that received a specific allocation of funds for ET and those districts that will receive funding from the PUC for ET purposes are advised to review and comply with the provisions of the program evaluation requirements contained in that report. Should you have questions regarding this, please direct your calls to Mike Willis at (916) 322-9448 or via e-mail at mwillis@dgs.ca.gov.

Other Issues

On November 4, 1996, an advisory letter was sent to all districts regarding the ET allowances provided for modernization projects. That letter addressed the original 1.25% ET allowance provided as a result of AB 1162 and the additional 2.75% allowance provided as a result of Proposition 203 funding. The original 1.25% allowance may be used for wiring/cabling, the purchase of certain F&E items and building upgrades necessary to accommodate the added ET. The additional 2.75% allowance may only be used for wiring/cabling or building upgrades necessary to accommodate the added ET. It may not be used for the purchase of F&E items.

That letter did not address the 5% allowance for ET that was previously authorized by AB 1162 for new construction projects. Since that allowance was also authorized by AB 1162, it may be used for wiring/cabling as well as the purchase of certain F&E items as long as the Phase C apportionment for the project was made with Proposition 203 funds.

Please note that it is the intent of the SAB that future funding for ET for both new construction and modernization projects may be used only for wiring/cabling and/or building power upgrades necessary as a result of the added ET in the project. Therefore, any ET allowance provided for any new construction or modernization project that will be funded for Phase C from a future bond issue may not be used for the purchase of any F&E items.

During the months of December and January, the OPSC will focus its workload on the processing of all appeals that were "held over" by the SAB at the meeting on November 26, 1996, 60/40 requests, priority roof replacement projects and, if time permits, the processing of modernization Phase C appeals that were received by the OPSC no later than September 25, 1996. The OPSC will also continue to process all bids and planning requests as a result of apportionments from Proposition 203 funding. Districts are advised that all new requests for Phase P, S and C will not be processed until the workload identified above has been completed.

At the September 25, 1996 meeting, the SAB set aside \$30 million for high priority roof replacement projects with a requirement that all application requests must be submitted to the OPSC no later than December 31, 1996. It is the intent of the SAB that these funds will be allocated to the districts at the January 22, 1997 SAB meeting. To date, the OPSC has received only 22 applications requesting a total of \$4.7 million. If your district intends to file an application for these funds, please complete the application and submit it to the OPSC by the final filing date. Should you have questions regarding the application process or need the application package, please call Sally Lemenager at (916) 323-0139 or via e-mail at slemenager@dgs.ca.gov.

Finally, districts are advised that the SAB adopted a policy at the September 25, 1996 meeting which requires that all 50/50 applications for new construction or modernization initially approved or amended for Phase P out of the next bond issue must use the self-certification application process. Since most of the Proposition 203 funds, with the exception of approximately \$60 million for modernization projects, are exhausted or committed to other programs, districts completing new application packages for a 50/50 project must use the new self-certification process. If your district has submitted a 50/50 application which has not been approved by the SAB or will not be initially approved with any remaining Proposition 203 funds, the OPSC will contact your district for submittal of the application request under the new self-certification process. Should you have questions regarding this policy or need the new self-certification application package, please call Richard Gonzalez at (916) 322-1234 or via e-mail at rgonzale@dgs.ca.gov.

For your convenience, copies of the applicable agenda items regarding the issues contained in this letter are enclosed. Should you have questions regarding the contents of this letter, please direct your calls to your project manager.

Sincerely,

TED W. DUTTON
Executive Officer

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Attachments

